

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:)
) Case No. 08-0429339C
Lincoln Memorial Life Insurance Company.)

SUMMARY CEASE AND DESIST ORDER

NOW, THEREFORE, Director Douglas M. Ommen ("Director") of the Department of Insurance, Financial Institutions and Professional Registration ("Department"), and pursuant § 374.046 RSMo (Supp. 2007),¹ issues this Summary Cease and Desist Order to be effective on this date of issuance.

JURISDICTION

1. The jurisdiction of the Director to initiate and administer this proceeding and to issue this order is found in § 374.046 RSMo.

STATEMENT OF REASONS FOR ORDER

2. Section 375.144 is being violated, in that it appears:

a. Lincoln Memorial Life Insurance Company ("Lincoln Memorial") has engaged in the use of suppression as to a material fact in connection with the offer, sale, solicitation or negotiation of insurance, directly or indirectly, in violation of § 375.144(2),

¹ All statutory references are to RSMo (Supp. 2007) unless otherwise indicated.

and has engaged and continues to engage in an act, practice or course of business which operates as a deceit upon any person in connection with the offer, sale, solicitation or negotiation of insurance, directly or indirectly, in violation of § 375.144(4), by replacing whole life insurance policies with term life insurance policies for the funding of preneed contracts for funeral services for purchasers by providers, without the prior consent or authorization of the trustee as policy owner of the whole life insurance policies, because the trustee as policyowner had an interest in adequately funding the preneed contracts and the term life insurance policies afforded lesser protection for the funding of those preneed contracts; and

b. Lincoln Memorial Life has engaged in the use of suppression as to a material fact in connection with the offer, sale, solicitation or negotiation of insurance, directly or indirectly, in violation of § 375.144(2), and has engaged and continues to engage in an act, practice or course of business which operates as a deceit upon any person in connection with the offer, sale, solicitation or negotiation of insurance, directly or indirectly, in violation of § 375.144(4) by making loans secured by the cash value and death benefits of whole life insurance policies issued for the funding of preneed contracts for funeral services for purchasers by providers, without the prior consent or authorization of the trustee as policy owner of the whole life insurance policies, which policy loans reduced the value of the whole life insurance policies for funding of preneed contracts and where the trustee as policyowner had an independent interest in the appropriateness of investment activity to secure the funding obligations.

3. Consumers are being aggrieved by the violations, in that without full value afforded by the whole life insurance policies without reduction for policy loans, the

trustee will have insufficient funds to discharge the obligations of the trust to pay for funeral services purchased by the preneed contracts.

NOTICE REGARDING HEARING

4. Pursuant to § 374.046, Lincoln Memorial is hereby notified that a public hearing will be held before the director of the department of insurance, financial institutions and professional registration on May 15, 2008, at 9:00 a.m. in Room 520A, Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri, at which time Lincoln Memorial is ordered to show cause why (1) this Summary Cease and Desist Order issued against Lincoln Memorial on this date should not be made final, (2) a Curative Order or other appropriate order should not be issued against Lincoln Memorial, and (3) other relief, including penalties and costs of investigation, should not be granted against Lincoln Memorial based upon the Statement of Charges served upon Lincoln Memorial with this Summary Cease and Desist Order.

STATEMENT REGARDING SEEKING OF CIVIL PENALTIES OR COSTS

5. The Department of Insurance, Financial Institutions & Professional Registration is seeking a civil penalty or costs of the investigation in this matter.

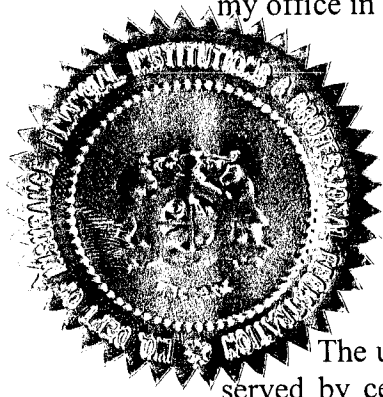
ORDER


NOW, based upon the foregoing and section 374.046, RSMo, Lincoln Memorial Life Insurance Company is hereby ORDERED to cease and desist the continuation of its acts, practices, omissions and courses of business and immediately:

- a. reverse the replacement (or conversion, surrender or lapse) of whole life insurance policies that occurred on or after August 28, 2005 until the present; and

b. reverse any policy loans that were made against the whole life insurance policies.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 30th day of April, 2008.




Douglas M. Ommen, Director

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served by certified mail, postage prepaid and by UPS Next Day, on this 30th day of April, 2008 to:

Lincoln Memorial Life Insurance Company
Randy Singer, President
1250 S. Capital of Texas Hwy
Bldg 1, Suite 470
Austin, Texas 78746

